

BEFORE THE IDAHO BOARD OF TAX APPEALS

JUPITER, LLC,	)	
	)	
Appellant,	)	APPEAL NO. 14-A-1105
	)	
v.	)	FINAL DECISION
	)	AND ORDER
BANNOCK COUNTY,	)	
	)	
Respondent.	)	
	)	
	)	
	)	

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**COMMERCIAL PROPERTY APPEAL**

This appeal is taken from a decision of the Bannock County Board of Equalization denying the protest of valuation for taxing purposes of property described by Parcel No. RPTAS005700. The appeal concerns the 2014 tax year.

This matter came on for hearing October 29, 2014 in Pocatello, Idaho before Board Member David Kinghorn. Manager Gary Clark appeared at hearing for Appellant. Assessor Dave Packer represented Respondent.

Board Members David Kinghorn, Linda Pike and Leland Heinrich participated in this decision.

**The issue on appeal concerns the market value of an improved commercial property.**

**The decision of the Bannock County Board of Equalization is affirmed.**

**FINDINGS OF FACT**

The assessed land value is \$141,570, and the improvements' valuation is \$52,155, totaling \$193,725. Appellant contends the correct land value is \$25,000, and the improvements' value is \$90,000, totaling \$115,000.

The subject property is part of a five (5) building office complex built in 1985. The subject property consists of one (1) office building (Building E), which contains 1,920 square feet of office space. Subject is located on Yellowstone Avenue in Pocatello, Idaho.

Appellant testified the 2013 net operating income for subject was \$24,530. Appellant contended actual rents should be considered when valuing subject. Based on subject's actual rents and expenses, Appellant determined a total value of \$115,000 for subject.

Respondent provided information on five (5) unimproved commercial sales to support subject's land value. The sales took place from 2001 to 2013. Indicated sale prices were between \$6 and \$34 per square foot. Subject's assessed land value equates to \$11 per square foot.

Respondent considered a cost approach and calculated a total value for the improvements of \$114,720. Respondent also supplied information on three (3) 2012 and 2013 improved commercial sales. Sale prices were between \$325,000 and \$1,420,000, or between \$34 and \$90 per square foot after removing land values.

Lastly, Respondent performed an income approach using potential gross income of \$12 per square foot, to derive a potential annual gross income of \$23,040. Respondent allowed a 15% vacancy rate, 40% for operating expenses, and \$461 for replacement reserves. An 8.5% overall capitalization rate was utilized.

In Respondent's final reconciliation, each value estimate was weighted and Respondent determined a total improvement value of \$46,032. After the analysis, Respondent contended subject's assessment was low.

#### CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value, or as applicable exempt status. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence

submitted by the parties in support of their respective positions, hereby enters the following.

Idaho Code § 63-205 requires taxable property be assessed at market value annually on January 1; January 1, 2014 in this case. Market value is defined in Idaho Code § 63-201, as,

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

There are three (3) generally accepted approaches to value: the cost approach, the sales comparison approach and the income approach. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979).

Appellant provided subject’s actual income and expense information. It was contended actual financial numbers should be considered when valuing subject in this instance. The Board disagrees, while subject’s actual performance should receive some consideration, it must be viewed in the context of the broader market. A key factor in determining market value of a commercial property is consideration of the market rent, and how the market is performing. To rely solely on the performance of a single operator would ignore the broader marketplace. For this reason, the Board did not restrict its review to only subject’s actual income and expense information.

Respondent looked to the three (3) valuation approaches to support subject’s assessed value. Methodologies for each approach were detailed and supported. Appellant argued the assessed value was too high, however failed to demonstrate error in the valuation.

Ultimately, Respondent’s appraisal was judged by the Board to present superior evidence of subject’s market value, compared to the evidence offered by Appellant. Pursuant to Idaho

Code § 63-511, the burden is on Appellant to prove error in subject's assessed value by a preponderance of the evidence. In this appeal, the burden of proof was not met. Respondent's valuation appeared reasonable and error in the assessment was not proven. Accordingly, the Board will affirm the decision of the Bannock County Board of Equalization.

**FINAL ORDER**

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Bannock County Board of Equalization concerning the subject parcel be, and the same hereby is, AFFIRMED.

DATED this 11<sup>th</sup> day of March, 2015.